

To: All Commissioners

From: Caryn Holmes *cyh*  
Staff Counsel IV

Subject: Declaration of Julia Frayer

Date: August 31, 2005

Attached is a declaration of Julia Frayer, provided in response to two questions asked of her at the August 24, 2005 Commission hearing on the Investor-owned Utilities' Appeal of the Executive Director's Notice of Intent to Release Aggregated Data. Specifically, the declaration addresses whether clients of London Economics participate in the California electricity market, and whether a number contained in Figure 4 of Attachment E to Staff's Rebuttal Testimony is a typographical error.

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DECLARATION OF  
JULIA FRAYER

1. Are you or your firms currently engaged by any entity or firm that is participating in the Requests for Offers ("RFO"s) of the California Investor Owned Utilities ("IOU"), or advising any entity that is actively selling energy and capacity in the California market?

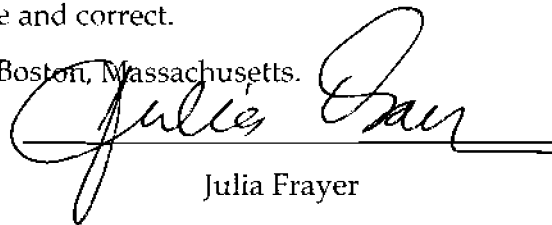
To the best of my knowledge, London Economics International LLC currently has no engagements with any entities bidding in the RFOs, nor are we advising any firms on their trading strategies in the California market. Our sole California-based project is the current project, where we are a sub-contractor on the Aspen Environmental Group contract to the CEC staff.

2. Does attachment A to this declaration address the question raised by opposing counsel on August 24, 2005 with respect to the EQR data found in Figure 4 of Attachment E to CEC staff's rebuttal testimony?

Yes, in response to a question posed by SDG&E's counsel, I reviewed the raw data in the FERC EQR system for Q1 2005 and confirmed that the \$13,000 per kw-month average price for capacity, cited in Figure 4 of the previously filed Attachment E "Guide to the FERC Electric Quarterly Reports", is correct. I have documented the individual transactions underlying this figure in Attachment A to this declaration.

I declare under penalty of perjury under the laws of the Commonwealth of Massachusetts that the foregoing is true and correct.

Executed on August 29, 2005 at Boston, Massachusetts.

  
Julia Frayer

# Attachment A: Further explanation of information in Figure 4 in Attachment E in response to cross-examination questions on August 24, 2005

August 29, 2005



In the hearing at the California Energy Commission (CEC) on August 25, 2005, counsel for San Diego Gas & Electric (SDG&E) asked Julia Frayer to explain the \$13,000 per kW-month average rate (price) for capacity included for Pacific Gas & Electric (PG&E) in Figure 4 (page 11) of *Attachment E: Guide to the FERC Electric Quarterly Reports* filed by CEC staff as rebuttal testimony on August 8, 2005. In answering the question raised by SDG&E counsel, Julia Frayer presumed that this could be a typographical error since it surpassed by multiples the average prices for the same product for the other two IOUs. On further review of the underlying data, it became evident that indeed this was not a typographical error but simply a reflection of the actual data filed by the respondents. This brief memo details the underlying data that resulted in the \$13,000/kW-month price figures and more generally summarizes the calculations undertaken by London Economics to produce Figure 4.

## 1 Detailed Description of Figure 4

Figure 4 is a table summarizing the IOU purchases from the first quarter of 2005 across three general categories of product - booked out power, energy, and capacity. As SDG&E counsel rightly pointed out at the hearing, the average price for PG&E for capacity appeared to be extremely high as compared to the other two IOUs. In fact, this is consistent with the raw data from the FERC's EQR system.<sup>1</sup> The raw data underlying Figure 4 is based on all reported transactions by third parties who sold to the three IOUs within the CAISO control area for the first quarter of 2005. Figure 4 is reproduced in Figure 1 below, with the addition of cell references so that the reader can follow the calculations described below.

**Figure 1. Reproduction of Figure 4**

	Transaction Type						
	BOOKED OUT POWER		CAPACITY		ENERGY		
	Volume (MWh)	Average Rate (\$/MWh)	Volume (kW-month)	Average Rate (\$/kW-month)	Volume (MWh)	Average Rate (\$/MWh)	
Pacific Gas & Electric	57,500	\$57.13	330	\$13,000	370,092	\$38.50	1
Southern California Edison	325,617	\$54.04	978,585	\$10	518,010	\$46.25	2
San Diego Gas & Electric	69,876	\$47.50	69,289	\$14	240,494	\$46.24	3
	A	B	C	D	E	F	

The average rates are a weighted average of the rates (prices) reported for individual transactions based on relative volume, while the volume reported in the figure 4 was the sum of volumes associated with each transaction.

<sup>1</sup> The data presented is the raw data from the EQR database, and as such reflects the data as filed by the respondents, including any potential data entry errors that were present in the respondents' filings.

The source of each of the cell entries vis-à-vis the fields in the FERC EQR data is described in the table below, as well as any calculations. *Attachment E: Guide to the FERC Electric Quarterly Reports* contains further information on each of the fields referred to below.

Cell	Calculation
A1	For PG&E, sum of field <i>transaction_quantity</i> , where field <i>product_name</i> is "BOOKED OUT POWER"
B1	For PG&E, sum of field <i>total_transaction_charge</i> , where field <i>product_name</i> is "BOOKED OUT POWER"; all divided by A1
C1	For PG&E, sum of field <i>transaction_quantity</i> , where field <i>product_name</i> is "CAPACITY"
D1	For PG&E, sum of field <i>total_transaction_charge</i> , where field <i>product_name</i> is "CAPACITY"; all divided by C1
E1	For PG&E, sum of field <i>transaction_quantity</i> , where field <i>product_name</i> is "ENERGY"
F1	For PG&E, sum of field <i>total_transaction_charge</i> , where field <i>product_name</i> is "ENERGY"; all divided by E1
A2	For Southern California Edison Company ("SCE"), sum of field <i>transaction_quantity</i> , where field <i>product_name</i> is "BOOKED OUT POWER"
B2	For SCE, sum of field <i>total_transaction_charge</i> , where field <i>product_name</i> is "BOOKED OUT POWER"; all divided by A2
C2	For SCE, sum of field <i>transaction_quantity</i> , where field <i>product_name</i> is "CAPACITY"
D2	For SCE, sum of field <i>total_transaction_charge</i> , where field <i>product_name</i> is "CAPACITY"; all divided by C2
E2	For SCE, sum of field <i>transaction_quantity</i> , where field <i>product_name</i> is "ENERGY"
F2	For SCE, sum of field <i>total_transaction_charge</i> , where field <i>product_name</i> is "ENERGY"; all divided by E2
A3	For SDG&E, sum of field <i>transaction_quantity</i> , where field <i>product_name</i> is "BOOKED OUT POWER"
B3	For SDG&E, sum of field <i>total_transaction_charge</i> , where field <i>product_name</i> is "BOOKED OUT POWER"; all divided by A3
C3	For SDG&E, sum of field <i>transaction_quantity</i> , where field <i>product_name</i> is "CAPACITY"
D3	For SDG&E, sum of field <i>total_transaction_charge</i> , where field <i>product_name</i> is "CAPACITY"; all divided by C3
E3	For SDG&E, sum of field <i>transaction_quantity</i> , where field <i>product_name</i> is "ENERGY"
F3	For SDG&E, sum of field <i>total_transaction_charge</i> , where field <i>product_name</i> is "ENERGY"; all divided by E3

## 2 Underlying transaction data for calculation of Average Capacity Price

The average capacity price for PG&E is based on the raw data<sup>2</sup> given in Figure 2 below.

Figure 3 and Figure 4 present the transaction data underlying the entries for SDG&E and SCE, respectively, in Figure 4 of Attachment E.

Figure 2. Data Used to Calculate PG&E Capacity

seller_company	customer_name	begin_date	end_date	point_of_delivery	product_name	transaction_quantity	price	total_transaction_charge
Calpine Energy Services, L P	Pacific Gas and Electric Co.	1/1/2005	1/31/2005	NP-15	CAPACITY	40	25000	1000000
Calpine Energy Services, L P	Pacific Gas and Electric Co.	1/1/2005	1/31/2005	NP-15	CAPACITY	70	25000	1750000
Calpine Energy Services, L P	Pacific Gas and Electric Co.	2/1/2005	3/31/2005	NP-15	CAPACITY	80	7000	560000
Calpine Energy Services, L P	Pacific Gas and Electric Co.	2/1/2005	3/31/2005	NP-15	CAPACITY	140	7000	980000
SUM						330		4,290,000

WEIGHTED AVERAGE [sum of total\_transaction\_charge]/[sum of transaction\_quantity] = \$13,000 (rounded to the nearest dollar)

Source: EQR Database

Figure 3. Data Used to Calculate SDG&E Capacity

seller_company	customer_name	begin_date	end_date	point_of_delivery	product_name	transaction_quantity	price	total_transaction_charge
AES Delano, Inc.	San Diego Gas & Electric	1/1/2005	1/31/2005	Pandol_6_Unit	CAPACITY	21671.581	13.7	296870.97
AES Delano, Inc.	San Diego Gas & Electric	2/1/2005	2/28/2005	Pandol_6_Unit	CAPACITY	18320.54	13.7	250966.3
AES Delano, Inc	San Diego Gas & Electric	3/1/2005	3/31/2005	Pandol_6_Unit	CAPACITY	29296.543	13.7	401322.51
SUM						69,289		949,160

WEIGHTED AVERAGE [sum of total\_transaction\_charge]/[sum of transaction\_quantity] = \$14 (rounded to the nearest dollar)

Source: EQR Database

<sup>2</sup> The data presented is the raw data from the EQR database, and as such reflects the data as filed by the respondents, including any potential data entry errors that were present in the respondents' filings.

**Figure 4. Data Used to Calculate SCE Capacity**

seller_company	customer_name	begin_date	end_date	point_of_delivery_	product_name	transaction_quantity	price	total_transaction_charge
AES Placerita, Inc.	Southern California Edison	1/1/2005	1/31/2005	APPGEN	CAPACITY	115	1358.9478	156279
AES Placerita, Inc.	Southern California Edison	2/1/2005	2/28/2005	APPGEN	CAPACITY	115	1363.0174	156747
AES Placerita, Inc.	Southern California Edison	3/1/2005	3/31/2005	APPGEN	CAPACITY	115	1344.5363	154624
Harbor Cogeneration Company	Southern California Edison	1/1/2005	1/31/2005	Harbor Cogen Sub	CAPACITY	0	9.225	0
Harbor Cogeneration Company	Southern California Edison	2/1/2005	2/28/2005	Harbor Cogen Sub	CAPACITY	0	9.225	0
Harbor Cogeneration Company	Southern California Edison	3/1/2005	3/31/2005	Harbor Cogen Sub	CAPACITY	0	9.225	0
AES Huntington Beach, LLC	Southern California Edison	1/1/2005	3/31/2005	SP 15	CAPACITY	486000	2.2	1067871.94
AES Huntington Beach, LLC	Southern California Edison	1/1/2005	3/31/2005	SP 13	CAPACITY	490320	1.7	833738.13
Reliant Energy Etiwanda, Inc.	Southern California Edison Co	1/1/2005	01/31/2005	N/A	CAPACITY	640	4509.8354	2886294.65
Reliant Energy Etiwanda, Inc.	Southern California Edison Co	2/1/2005	02/28/2005	N/A	CAPACITY	640	2867.1546	1834978.97
Reliant Energy Etiwanda, Inc.	Southern California Edison Co	3/1/2005	03/31/2005	N/A	CAPACITY	640	4158.7613	2661607.25
<b>SUM</b>						<b>978,585</b>		<b>9,752,141</b>

**WEIGHTED AVERAGE** [sum of total\_transaction\_charge / sum of transaction\_quantity] = \$10 (rounded to the nearest dollar)

Source: EQR Database

The underlying data for the energy and booked-out-power is extensive. It has not been included in this memo but is available upon request in electronic form.

**Service List: Declaration of Julia Frayer, Dated August 29, 2005  
04-IEP-1D.**

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